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PAUL S. SARBANES  
MARYLAND

United States Senate  
WASHINGTON, DC 20510-2002

July 30, 1993

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AUG 20 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

*92-263*

Lauren J. Belzin  
Acting Director, Office of Legislative Affairs  
Federal Communications Commission  
Room 808  
1919 M Street, N.W.  
Washington, D.C. 20554

Dear Ms. Belzin:

Enclosed is a copy of correspondence I received from Frank R. Vincente, Senior Vice President of Tele-Media Corporation.

The letter raises some concerns about the 1992 Cable Act. I would greatly appreciate it if you would consider their comments.

Your attention to this matter is greatly appreciated.

With best regards,

Sincerely,

*Paul Sarbanes*

Paul S. Sarbanes  
United States Senator

PSS/ss/ems

Enclosure

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**TELE-MEDIA CORPORATION**

3971 DEEP ROCK ROAD, RICHMOND, VIRGINIA 23233

PHONE 804-527-0500

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**AUG 20 1993**

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY**

July 20, 1993

Senator Paul S. Sarbanes  
309 Hart Building  
United States Senate  
Washington, DC 20510

Dear Senator Sarbanes:

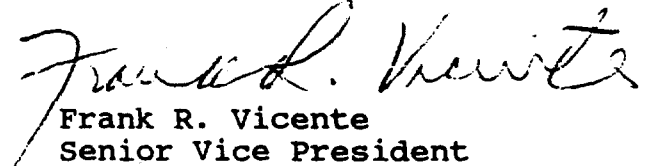
Enclosed for your information is a brief outline ennumerating points of concern of small cable systems operators, such as Tele-Media, have with the 1992 Cable Act.

In the interest of small cable businesses and our customers we ask for your support of the points enclosed herein. Would you kindly express your support by sending a letter to the FCC on our behalf.

Thank you very much for your anticipated cooperation.

Very truly yours,

TELE-MEDIA CORPORATION

  
Frank R. Vicente  
Senior Vice President  
and General Manager

FRV:laf

Encl: Points of concern

July 13, 1993

Delivered by Hand

The Honorable James H. Quello  
Chairman  
Federal Communications Commission  
1919 M Street, N.W., Room 802  
Washington, D.C. 20554

Re: MM Docket No. 92-266  
MM Docket No. 92-263

Dear Chairman Quello:

Following up your statements regarding the plight of small cable operators in complying with the 1992 Cable Act ("the Act"), we write to urge the Commission to take actions to alleviate unnecessary burdens on these operators. We believe, based upon extensive consultations with our members, that failing to act will seriously impede the ability of small cable systems to provide quality service to subscribers.

The Commission recognizes that Section 623(i) of the Act "requires that the Commission develop and prescribe cable rate regulations that reduce the administrative burdens and cost of compliance for cable systems that have 1,000 or fewer subscribers." Moreover, the public interest standard authorizes exceptions to the general rule where justified. We applaud your public commitment to work to alleviate small system burdens. We urge the Commission:

- To permit small operators to justify their current rates based on a simplified net income analysis. A simple comparison of total system revenues to operating expenses, depreciation and interest expenses for some specified prior period would demonstrate whether the system's current rates require any further examination. A net income analysis would be much simpler to calculate and apply than the benchmark approach.
- To permit small operators to increase rates to the benchmark cap. The Commission has found that rates at or below the national cap are "reasonable." By affording small operators presently charging rates below the cap the option to increase rates to the cap, these systems will retain the flexibility needed to generate necessary capital.
- To authorize small operators to base rates on the bundling of service and equipment charges. The requirement that operators "back out" equipment costs based on "actual cost" from the benchmark rates is a particularly onerous procedural requirement. The Commission should adopt a mechanism that does not force small operators to engage in these calculations.

- To allow small operators to pass-through rebuild costs. Small operators are generally located in rural areas. Congress and the Commission have long advocated special regulatory treatment to make state-of-the-art communications technology available to rural areas. Permitting small operators to pass-through rebuild costs will increase the chances that rural subscribers promptly gain the benefits of state-of-the-art technology.
- To clarify that the customer service requirements that do not require small operators maintain local offices in each service area community. The local office rule will prove exceptionally onerous for many small operators. Under the rule, a system serving several communities of perhaps 100 subscribers would be obligated to bear the costs of local offices in each community. Any benefits would be clearly outweighed by the costs.
- To commence a rulemaking addressing small system regulatory concerns. The Commission should comprehensively examine, in a separate proceeding, the impact of its regulations on small operators. This rulemaking should identify regulations which, when applied to small operators, are presumptively more harmful than beneficial. It should also discuss alternatives to benchmark regulations for small systems such as system profitability or level of net income. Small operators should be permitted to seek waivers of the identified regulations, with the burden placed on those who favor application of these regulations to the small operators.

We believe that taking these steps will enable small operators to serve their subscribers efficiently, while simultaneously maintaining the Act's consumer protections.

We have filed a copy of this letter with the Secretary for inclusion in the appropriate dockets.

*David D. Kinley*

David D. Kinley  
Small Cable Business Association

*Stephen R. Effros*

Stephen R. Effros  
Community Antenna Television Association

Sincerely,

*Michael J. Pohl*  
Michael J. Pohl for  
Coalition of Small System  
Operators

*Decker Anstam*  
Decker Anstam  
National Cable Television  
Association

cc: The Honorable Andrew C. Barrett  
The Honorable Ervin S. Duggan